

## Message Text

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FM SECSTATE WASHDC

TO USMISSION OECD PARIS

C O N F I D E N T I A L STATE 059881

STADIS

PLEASE PASS ASSISTANT SECRETARY ENDERS

FOLLOWING REPEAT STATE 059881 ACTION JAKARTA, MARCH 19TH:

QUOTE

C O N F I D E N T I A L STATE 059881

STADIS

E.O. 11652: GDS

TAGS: EAID, ID

SUBJECT: PL-480

REFERENCE: A. STATE 54778, B. JAKARTA 3108.

FOR AMBASSADOR FROM EDMOND

1. PLEASE EXPRESS TO MALIK OUR DEEP REGRET THAT IT HAS TAKEN  
SO LONG TO RESPOND TO HIS NOVEMBER PL-480 ROME REQUEST. YOU  
MIGHT NOTE IN WAY OF EXPLANATION THAT PL-480 PROGRAMMING  
THIS YEAR PROVED TO BE EXCEEDINGLY COMPLEX AND DIFFICULT AND  
THAT IT HAS TAKEN MONTHS TO WORK OUT PROGRAM THAT, WITHIN  
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VERY TIGHT COMMODITY AND COUNTRY RESTRAINTS ESTABLISHED BY

THE CONGRESS, WOULD MAXIMIZE OUR AGRICULTURAL ASSISTANCE TO COUNTRIES MOST IN NEED. GIVEN THESE PARAMETERS, PLUS AN UNEXPECTEDLY DISAPPOINTING US CROP PERFORMANCE, VERY GREAT NEEDS OF VIET NAM AND CAMBODIA AS WELL AS SOUTH ASIA, AS WELL AS INDONESIA'S NEW IMAGE AMONG MANY CONGRESSMEN AND OTHERS AS AN "OIL RICH COUNTRY", WE REGARD OUR OFFER OF \$43 MILLION IN COTTON AND TOBACCO AS IN EFFECT MEETING MALIK'S REQUEST AND AS A SUBSTANTIAL EFFORT TO MEET OUR IGGI PLEDGE.

2. IN VIEW OTHER PRESSING ECONOMIC AND POLITICAL DEMANDS, ATTAINING A PROGRAM OF THIS SIZE FOR INDONESIA WAS ONLY ACHIEVED WITH GREAT DIFFICULTY AND REQUIRED PERSONAL

INTERVENTION OF SECRETARY.

3. PLEASE ALSO INFORM MALIK THAT WE WERE UNABLE TO PROVIDE RICE IN LIGHT CONGRESSIONAL REQUIREMENT THAT VAST MAJORITY OF FOOD SHIPMENTS GO TO "MOST SERIOUSLY AFFECTED" COUNTRIES AS DEFINED BY UN. IF YOU FEEL MALIK WOULD NOT TAKE UMBRAGE, YOU MIGHT ALSO ADD THAT REPORTS AVAILABLE TO US SEEMED TO INDICATE THAT INDONESIA'S IMMEDIATE RICE IMPORT REQUIREMENTS HAD BEEN LARGELY MET. FYI. GOI EMBASSY ECONOMIC COUNSELOR ADIWOSO TOLD EDMOND THAT GOI SPECIFICALLY HAD ASKED FOR RICE IN BELIEF THAT WOULD BE EASIST COMMODITY FOR USG TO OFFER AND THAT IMPORTANT CONSIDERATION WAS TO ATTAIN PL-480 RATHER THAN COMMODITY COMPOSITION. END FYI. YOU MIGHT WANT TO NOTE TO MALIK THAT PROPOSED COTTON AND TOBACCO PROGRAM EQUAL IN VALUE TO 100,000 TONS OF RICE.

4. YOU MIGHT ALSO WANT TO NOTE THAT WE ENCOUNTERED CONSIDERABLE PRESSURES TO HARDEN APPRECIABLY TERMS OF PL-480 SALE TO INDONESIA AND THAT ALTHOUGH TERMS SOMEWHAT HARDER THAN IN PREVIOUS YEAR, FOR MOST PART WE SUCCESSFULLY CONTAINED SUCH PRESSURES.

5. OUR INTENSIVE EFFORTS TO (A) PROVIDE PL-480 THIS YEAR, (B) RETAIN A DL PROGRAM, (C) SUPPORT IFI LOANS TO INDONESIA, (D) REMOVE CONGRESSIONAL RESTRICTIONS ON PROVIDING GSP FOR INDONESIA ARE ALL PART OF A MAJOR EFFORT ON PART OF DEPARTMENT TO STRENGTHEN OUR RELATIONS WITH CONFIDENTIAL

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THAT COUNTRY.

6. WITH REGARD REF B, WE GREATLY REGRET THAT EMBASSY WAS NOT INFORMED OF PL-480 DECISION BEFORE INDONESIANS LEARNED OF IT. THIS CAME ABOUT THROUGH UNUSUAL CIRCUMSTANCES. ON EVE OF SULTAN'S CALL UPON VICE PRESIDENT ROCKEFELLER, WE WERE ADVISED HE INTENDED RAISE SUBJECT OF PL-480. RECOGNIZING THAT SUBJECT WOULD BE DIFFICULT TO DISCUSS,

BECAUSE INDONESIAN PROGRAM OFFER DID NOT YET HAVE FINAL INTER-AGENCY APPROVAL, WE SOUGHT TO HEAD IT OFF. WE OBTAINED INFORMAL CONSENT TO ADVISE INDONESIAN EMBASSY OF OUR PROSPECTIVE DOLLAR LEVEL AND COMMODITY COMPOSITION, ALTHOUGH NOT OF OTHER TERMS. THIS INFORMATION PASSED ORALLY TO EMBASSY JUST BEFORE SULTAN'S MEETING WITH VICE PRESIDENT. WE SHOULD HAVE INFORMED YOU AT THAT TIME BUT RAN INTO CLEARANCE PROBLEMS WHICH UNFORTUNATELY DELAYED MESSAGE. WE WILL DO BEST TO AVOID FUTURE OMISSIONS OF THIS NATURE.

7. PLEASE CONSIDER ABOVE AS ANSWER TO YOUR FEBRUARY 18 LETTER TO PHIL HABIB. WILL PROVIDE FURTHER DETAILS BY LETTER. INGERSOLL UNQUOTE INGERSOLL

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